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Starting to Run - Review of Danish Structural Funds Programmes for the November 2008 IQ-Net meeting in Attiki

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Publication date:
2008

Document Version
Publisher's PDF, also known as Version of record

[Link to publication from Aalborg University](#)

Citation for published version (APA):
Halkier, H. (2008). *Starting to Run - Review of Danish Structural Funds Programmes for the November 2008 IQ-Net meeting in Attiki*. Institut for Historie, Internationale Studier og Samfundsforhold, Aalborg Universitet.

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Henrik Halkier, Aalborg University

STARTING TO RUN REVIEW OF DANISH STRUCTURAL FUNDS PROGRAMMES

1. INTRODUCTION

Interviews have been conducted with programme administrators both at the national level (the National Agency for Enterprise and Construction, NAEC, in Silkeborg) and at regional level (North Jutland Region in Aalborg). Documentary sources include the two Operational Programmes and documents from Monitoring Committee meetings. If no other is given, the interviews are the main source of information.

2. THE 2007-2013 PERIOD

2.1 OP content

No changes have been undertaken with regard to the programming document since the last Review Paper, but minor adjustments with regard to implementation will follow from the DG Competition driven rationalisation of various state aid exemptions into what in Danish policy parlance is known as the 'super group exemption' which has some marginal implications for eligible expenditure. In parallel with this, at the regional level the six Regional Growth Fora have reviewed their strategies in the light of the experiences gained from their first year of operation, and in e.g. North Jutland this has resulted in the thematic focus being concentrated on five of the original seven thematic areas, with the two areas left out (knowledge institutions, entrepreneurship) having been particularly successful in terms of attracting successful bids for funding in the early stages.

2.2 OP implementation

2.2.1 Project generation

The programme was officially launched in April/May 2007 after the approval of the ESF programme but before final approval of the ERDF programme in July 2007. The delay was essentially for technical reasons (late realisation by Danish programmers of the Commission's view regarding environmental impact assessment) and therefore an early joint start was seen as unproblematic.

The programme has received a healthy response in terms of applications, although figures vary between regions, cf below, so that the generation of projects in itself is not seen as a major challenge by policy makers. The greatest administrative challenge has undoubtedly been for both the national and regional level, and, indeed actual and potential applicants, to get acquainted with the new regulatory set-up with regard to state aid with a (deliberate) absence of state aid notification. Although direct subsidies to individual firms are only included in the OP on 'the most peripheral islands', the many forms of public-private networks now dominating the programmes also entail in-kind subsidies when firms get access to e.g. information or other resources from public providers, and this creates not only a need for financial contributions from firms in order to avoid market distortions, but also requires programme administrators to make sure that remaining subsidisation to be compliant with existing EU regulation, i.e. the *de minimis* principle, and the general exemptions concerning SMEs.

The current programme is expected to concentrate on relatively large projects in networking and infrastructure involving many different partners, and this in itself creates a different structure to the applications put forward. Moreover, several regions now operate pre-qualification rounds where well-described project ideas are prioritised by the Regional Growth Fora and their administrative staff before being subjected to the full rigours of a Structural Funds application. In addition to this it is also worth noting that some regions now have set aside some of their own funds for small projects (between 12,000 and 60.000 Euros), and that some of the European funding is also used for projects initiated by the Regional Growth Fora, especially as part of their so-called partnership agreement with the national level which ties the regional level into the competitiveness-oriented globalisation strategy of central government. In practice this means that projects are generated both bottom up by external project champions applying for funding, and top down by the regions in association with other actors. In both cases, the application process involves extensive dialogue between project champions and programme administrators in order to secure that projects comply with Structural Funds regulations.

2.2.2 Commitments

Funds have been committed under both programmes and all priorities, as illustrated by Table 1 below. Although speed is picking up, it still takes longer than originally expected for NAEC to handle projects recommended by the Regional Growth Fora for Structural Funds support, so although recommendations may be ahead of the budgetary schedule in some regions, the final commitments are still a little behind, but this is seen as a temporary, transitionary situation, and in the light of this the current distribution between regions does not give cause for concern either, although in some cases it deviates somewhat from the distribution originally envisaged.

Table 1. Commitments by August 12 2008, by programme/priority/region (mio Euro)							
Source: Monitoring Committee paper for August 2008 meeting, Regeringen: Regionalpolitisk vækstreddegørelse af 24. maj 2006. København, Økonomi- og Erhvervsministeriet.							
	Bornholm	Copenhagen	Mid	North	Zealand	South	Total

			Jutland	Jutland		Denmark	
ESF priority 1 (better jobs)	1.5	1.9	4.3	10.4	2.6	2.8	23.6
ESF priority 2 (more jobs)			1.6	1.5	3.3		6.4
<i>ESF total</i>	<i>1.5</i>	<i>1.9</i>	<i>5.9</i>	<i>11.9</i>	<i>5.9</i>	<i>2.8</i>	<i>30.0</i>
ERDF 1.1 (innovation)	0.3	5.0	5.3	4.3	0.4	2.4	17.8
ERDF 1.2 (entrepreneurship)	0.1		2.2	0.9	0.3		3.4
ERDF 1.3 (new technology)			0.1	0.9			1.0
<i>ERDF total</i>	<i>0.4</i>	<i>5.0</i>	<i>7.6</i>	<i>6.1</i>	<i>0.7</i>	<i>2.4</i>	<i>22.2</i>
<i>Total</i>	<i>1.9</i>	<i>6.9</i>	<i>13.5</i>	<i>18.0</i>	<i>6.6</i>	<i>5.2</i>	<i>52.2</i>
Current share (%)	3.6	13.2	25.9	34.5	12.2	10.0	100
Planned share (%)	3.3	15.9	16.2	25.3	16.2	23.1	100

2.2.3 Payments and spending

Very few payments have been made, as only around 10 projects have submitted accounts yet, and therefore statistics are not meaningful. This is not seen as a long-term spending challenge, but merely reflects the delayed opening of the programme for applications and the extended time for processing applications in the early stages of implementation.

N+2 has been expected to become a challenge for administrators and applicants in the current programming round, partly because of the greater emphasis on larger and longer-running projects, and NAEK has tackled this by introducing 6-months budget break-downs in the application form in order to be able to follow projects more closely if approved. The Monitoring Committee is expected to discuss the principles for dealing with N+2 problems in a situation where the programme is national but projects and expenditure are initiated at the regional level: should it be the problem of the region in which problems originated, or should it affect all regions proportionally?

2.2.4 Administration and implementation issues

No new challenges have arisen in the last six-month review period with regard to governance: the new Regional Growth Fora are gradually finding ways of operating, both politically and administratively, since they took over responsibility for Structural Funds programming at the beginning of 2007, and although slower processing of applications is partly due to the introduction of pre-qualification rounds by some Fora, other circumstances will also have

contributed such as new state-aid rules, new IT systems, and change-over of staff etc. in the wake of local government reform. The two last factors, IT and staff changes, have prompted NAEC to run seminars and courses in order to build capacity both at the national and regional level.

The new Regional Growth Fora are to some extent different from previous partnership organisations because of their statutory status and wider remit, but apart from the fact that the Structural Funds run under a separate set of rules and therefore is often seen as a complicating factor by Fora members, the presence of European funding as a major resource in regional development is well appreciated.

Coordination with the territorial cooperation programmes is mainly undertaken at the administrative level and through overlapping membership in the various programme committees. Otherwise, as reported earlier, the role of the new Regional Growth Fora in administering a wide range, albeit not all, of economic development activities has made them the main vehicle for inter-programme coordination.

The Monitoring Committee has agreed a communications action plan¹ which aims to ensure that the contribution of the Structural Funds is duly acknowledged, something which has become particularly important in the new institutional set-up where European funding is operating alongside regional and national initiatives as contributors to the economic development strategies of the new Regional Growth Fora. In practice this means ensuring that the information necessary for applications and grantees is readily accessible, and that the general public through news media items are made aware of the activities. Initiatives include an extended and improved website as part of NAEC's regional web pages, a searchable project data base as part of the former, and a proactive effort in relation to regional and other partners involved in programme administration. For the entire programme period expenditure on communication is expected to be more than 3 million Euros, and this is likely to be further augmented by regional communication initiatives aimed at highlighting the role of the new Fora to partners and the public at large. Compared to the previous programming period, both the national and the regional level are clear extending their efforts in this particular field.

The monitoring system has been in place from the beginning in terms of on-going data collection, and what remains to be undertaken is to develop additional ways of generating reports from the IT system. The general evaluation plan was adopted by the Monitoring Committee in 2007,² but its general provision for a mid-term evaluation (in 2010) plus thematic evaluation still needs to be fleshed out in more detail by a sub-committee. At the regional level some of the major framework projects (e.g. support organisations for entrepreneurs) are required to be evaluated midway in order to assess progress and make adjustments possible.

¹ Erhvervs- og Byggestyrelsen: Kommunikationshandlingsplan for de danske programmer under målet for regional konkurrenceevne og beskæftigelse 2007-2013, 5.7.2007.

² Erhvervs- og Byggestyrelsen: Evalueringer i strukturfondsperioden 2007-2013, 11.10.2007.

3. THE 2000-06 PERIOD

3.1 Financial progress

Under-spending both in terms of under-commitments and funds-committed-but-unused resulted in a call for applications being circulated in late Spring 2007 in order to drum up projects which could soak up around half of the 10 mio. € outstanding, and this has been successful, also because NAEC has adopted a very proactive approach towards the regional programme administrations. On the other hand, although n+2 problems were minimal in 2007, having around 5 million € as an uncommitted buffer may come in handy when the programme is finally closed down.

3.2 Recent operational issues

None.

3.3 Progress with closure

Progress is now being made in terms of closing projects, with only around 120 (or 10 per cent) of projects outstanding, most of which are relatively recently accepted projects. Project closure and getting in the accounts is the current priority, then the final payments and reporting is likely to take place in the first part of 2009. Overall the situation is seen by NAEC, responsible for programme closure, as unproblematic, if rather demanding in terms of work.

3.3.1 Evaluation activities:

No *ex-post* evaluations are planned.

4. CONCLUSIONS

The current position of the Danish Structural Funds programmes can be summed up by the expression ‘starting to run’: after some slowness brought about by the new institutional set-up, changes of personnel, new programmes and new state-aid rules, a greater degree of routine is now beginning to develop, and it can be expected that processing of applications will become faster in the months to come. Although the initial difficulties have given rise to some grumblings among individual applicants, the overall impression is that the multi-tier system which requires intense contacts between regional and national actors remains well-functioning and mutually supportive in terms of taking care of their joint responsibilities.

INTERVIEWS

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